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All stated cattle prices are based on the weekly Canfax Market Outlook and Summary.
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Cattle Market Update

For the Week Ending December 12, 2014

All prices are quoted in Canadian dollars per hundredweight (\$/cwt) unless otherwise stated.

Saskatchewan Feeder Steer and Feeder Heifer Prices (\$/cwt)

Feeder Steers		300-400	400-500	500-600	600-700	700-800	800-900	900+ lb.
Dec. 12/2014	Average	\$351.00	\$322.33	\$295.50	\$270.13	\$251.19	\$236.44	\$218.50
Dec. 12/2014	Range	338-374	309-342	280-311	259-281	243-259	232-243	215-223
Week/Week	Change	\$5.75	\$0.40	\$2.75	\$4.71	\$0.94	\$4.76	-\$3.38
Dec. 5/2014	Average	\$345.25	\$321.93	\$292.75	\$265.42	\$250.25	\$231.68	\$221.88
Feeder Heifers		300-400	400-500	500-600	600-700	700-800	800+ lb.	
Dec. 12/2014	Average	\$312.25	\$291.90	\$269.13	\$247.36	\$232.31	\$213.81	
Dec. 12/2014	Range	295-329	280-309	256-285	236-264	220-241	208-223	
Week/Week	Change	\$4.00	\$1.70	\$4.99	\$3.26	\$6.71	-\$4.07	
Dec. 5/2014	Average	\$308.25	\$290.20	\$264.14	\$244.10	\$225.60	\$217.88	

Source: CanFax

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Thursday of the current week. N.A. means not available due to lack of sufficient data.

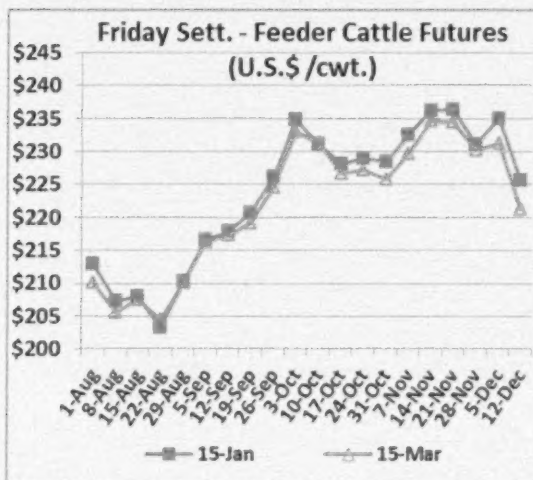
Canfax reported that a total of 26,160 head of cattle were sold in Saskatchewan this week, up from 22,967 head marketed the previous week. Saskatchewan feeder cattle prices were mostly higher over the week with overall larger price spreads in many weight categories.

Saskatchewan feeder steer prices were overall higher over the week with prices ranging from \$3.38 per cwt lower to \$5.75 per cwt higher. The only loss over the week was in the 900+ lb. feeder steer weight category which declined \$3.38 per cwt. The largest price increase over the week was in the 300-400 lb. weight category which increased \$5.75 per cwt. New all-time high record prices were established in the 500-600 lb. and 600-700 lb. feeder steer weight classes.

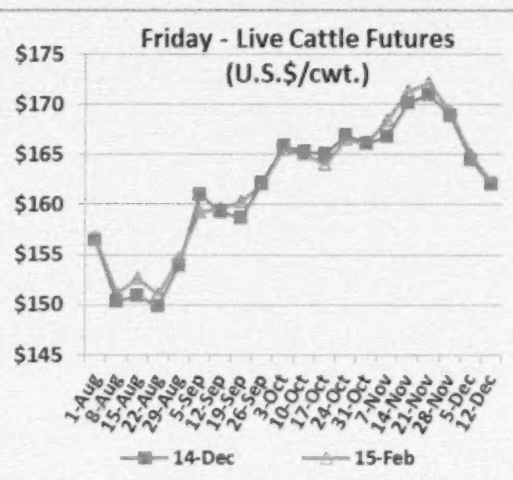
Feeder heifer prices were also overall higher over the week. Feeder heifer prices ranged between \$4.07 per cwt lower and \$6.71 per cwt higher. The 800+ lb. feeder heifer weight category had the only loss over week which was \$4.07 per cwt. The 700-800 lb. feeder heifer weight category had the largest price gain over the week increasing \$6.71 per cwt. New all-time high record prices were established in the 500-600 lb. and 600-700 lb. feeder heifer weight classes.

The Saskatchewan 750 lb. feeder steer basis compared to the Dec. 11, 2014, U.S. feeder cattle index at US\$236.90 per cwt was calculated at -\$22.94 per cwt (US\$236.90/0.8642 -\$251.19), a basis narrowing of \$6.70 per cwt from -\$29.64 per cwt on December 4, 2014.

Feeder cattle futures prices were down significantly over the week with limits down on Thursday and Friday. Nearby contract prices over the week were down almost four per cent, week-over-week. A combination of continued weakness in live cattle future prices and volatile stock markets likely triggered some year-end profit taking by traders. The January futures contract declined US\$9.275 per cwt to settle Friday at US\$225.600 per cwt, while the March 2015 contract decreased US\$9.975 per cwt to settle Friday at US\$221.250 per cwt.



Source: CME



Source: CME

Live cattle futures prices were mixed over the week but mostly lower and ended the week lower, week-over-week. The December contract declined US\$2.400 per cwt over the week to settle Friday at US\$162.050 per cwt, while the February 2015 contract declined US\$2.700 per cwt to settle Friday at US\$162.175 per cwt. Lower beef cutout values over the week were a contributing factor pushing live cattle futures prices lower. Markets are also likely experiencing some profit taking by traders as December closes out the year.

Iowa cash corn prices increased 14 cents per bushel over the week to end Friday at US\$3.75 per bushel. Daily U.S. corn futures prices were also higher towards the end of the week and ended the week higher, week-over-week. The December contract increased almost 15 cents to settle Friday at US\$3.96¼ per bushel, while the March 2015 corn futures contract increased over 12 cents to settle Friday at \$4.07½ per bushel.

Fed and Non-fed Cattle

	December 12	December 5	Change over Week
<u>Steers (Alberta)</u>			
Live	n/a	182.28	n/a
Rail	n/a	299.75	n/a
<u>Cows (Alberta)</u>			
D1,2 Live	128.13	127.00	+1.13
D3 Live	114.25	112.42	+1.83
Rail	245-250	243-248	+2.00

Source: Canfax. (n/a = not available, n/c = no change)

Prices for live weight, non-fed cattle in Alberta moved higher over the week with D1,2 slaughter cows increasing \$1.13 per cwt to average \$128.13 per cwt, while the price of D3 slaughter cows increased \$1.83 per cwt to average \$114.25 per cwt. Prices are edging very close to record highs.

Cash fed cattle prices for Alberta fed steers were not reported for the week as volumes were too low to establish average weekly prices. Alberta fed steer prices the previous week (Dec. 5) was reported at \$182.28 per cwt; which had established a new all-time high record price.

The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US\$162.38 per cwt, down US\$4.45 per cwt from US\$166.83 per cwt the previous week, but up 24.3 per cent from US\$130.61 per cwt a year ago. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US\$256.12 per cwt, down US\$7.83 per cwt from US\$263.95 per cwt the previous week, but up 24.1 per cent from US\$206.35 per cwt a year ago.

Friday Price Information

Product		This Week (December 12)	Week of: (December 5)
Canadian Dollar (closing rate US\$)		.8642	.8747
U.S. Cash Cattle			
Thurs. Feeder Cattle (FC) Index (US\$ per cwt)		236.90	244.82
Seven-day Weighted Average FC Index Wt. (lb.)		743	731
Live Fed 5-area Steer Price (US\$ per cwt)		162.38	166.83
Feed Grains			
Barley	Lethbridge (\$/tonne)	195.00	200.00
	(\$ per bu.)	4.25	4.35
Corn	Iowa State Average (CDN\$/tonne)*	170.83	162.48
	(US\$ per bu.) (current Wed. price)	3.75	3.61
	Omaha, NE (CDN\$/tonne)*	172.20	170.13
	(US\$ per bu.)	3.78	3.78
Futures			
Dec. Corn (US\$ per bu.)		3.96¼	3.81½
March Corn (US\$ per bu.)		4.07½	3.95
December Live Cattle (US\$ per cwt)		162.050	164.450
February Live Cattle (US\$ per cwt)		162.175	164.875
January Feeder Cattle (US\$ per cwt)		225.600	234.875
March Feeder Cattle (US\$ per cwt)		221.250	231.225

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship, Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News

* conversion to CDN\$ is based on Friday's CDN\$ closing rate

U.S. beef production for the week ending December 13, totaled 468.2 million lb., up 0.8 per cent from 464.3 million lb. from the previous week, but down 3.9 per cent from 487.3 million lb. the same week a year ago. Cattle slaughter numbers were 566,000 head, up 0.7 per cent from 562,000 head the previous week, but down 6.9 per cent from 608,000 head a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending December 13 averaged US\$249.05 per cwt, down US\$6.39 per cwt from US\$255.44 per cwt from the previous week, but up 23.7 per cent from US\$206.35 per cwt a year ago.

United States exports of beef plus beef variety meat exports in October 2014 were \$687.1 million dollars, up \$55.1 million dollars from September 2014, and up \$122.6 million dollars from \$564.5 million dollars in October 2013. By quantity, U.S. exports were 109,858 metric tons in October 2014, up 9,790 metric tons from September 2014, and up 2,387 metric tons from 107,471 metric tons in October 2013. Year-to-date ending October 2014, U.S. beef plus beef variety meat exports totaled \$5.865 billion dollars, up almost \$784 million dollars or 15.4 per cent from over the same period in 2013. By quantity, year-to-date exports totaled just over one billion metric tons, up 3.2 per cent from 969,186 metric tons over the same period in 2013. There were big export increases to Mexico, Hong Kong and Korea to date in 2014.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On December 10 the USDA released the December World Agricultural Supply and Demand Estimates (WASDE). The December USDA WASDE report estimated that United States Red Meat and Poultry production for 2014 will be 92.043 billion lb., a slight decrease from the November estimates and a 1.4 per cent decline from 2013 production. U.S. beef production estimates in December were revised 0.8 per cent lower from November with production to be down 5.7 per cent from 2013. United States meat production for 2014 is projected to decrease for beef (-5.7%), pork (-1.7%), and turkeys (-1.1%), but increase for broilers (+1.7%), from the 2013 production. For 2015, beef production in the United States is projected to further decline (-2.4%), but will increase for pork (+3.6%), broilers (+3.0%), and turkeys (+3.2%) with combined red meat and poultry production up (+1.7%) from 2014.

USDA December World Agricultural Supply and Demand Estimates

Quarter		Million Pounds				Total Red Meat & Poultry
		Beef	Pork	Broiler	Turkey	
2013	Annual	25,720	23,187	37,830	5,805	93,333
2014	Nov. Proj.	24,459	22,662	38,484	5,739	92,115
2014	Dec. Proj.	24,254	22,792	38,486	5,739	92,043
2015	Dec. Proj.	23,670	23,620	39,630	5,925	93,627
% Chg.	Nov.-Dec.	-0.84%	0.57%	0.01%	0.00%	-0.08%
% Chg.	2013-2014	-5.70%	-1.70%	1.73%	-1.14%	-1.38%
% Chg.	2014-2015	-2.41%	3.63%	2.97%	3.24%	1.72%

Source: USDA August WASDE Report, December 10, 2014

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